RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated, Deputy President*): Suppose the House agrees to the Bill being read in Council. Is the Government agreeable to give the Select Committee absolute powers to delete the portions relating to brothels?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Government are quite agreeable to that. In support of it I may also say that the Statement of Objects and Reasons is worded generally so that the Select Committee will have absolute powers even to delete any portion of the Bill.

RAO BAHADUR K. A. KRISHNA AIYANGAR (*Nominated, Deputy President*): Supposing the Select Committee rejects the portion relating to brothels. Can I have an assurance that the Government will not restore the provision by bringing forward an amendment if the Select Committee deletes it from the Bill?

MR. A. S. DAMODARAN ASAN (*Mavelikara* cum *Kartikapalli*): Should not the House also agree to it?

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Government will not move any amendment. That does not mean that any non-official member is precluded from moving any amendment. I only say that Government will not move amendments.

I hope therefore that with this assurance the Council will allow the principle of the Bill being accepted in that sense.

The principle of the Bill was accepted by the House and the Secretary read the title of the Bill.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I move that the Bill be referred to a Select Committee consisting of;

(1) Mrs. Anna Chandi
(2) Mr. S. Krishna Pillai
(3) ,, M. Govindan
(4) ,, P. S. Mahomed
(5) ,, K. Krishnan Nayar
(6) ,, L. A. Bishop and
(7) myself.

MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I second the motion.

The motion was carried.

PRESIDENT: Mr. Kayalam Paramesvaran Pillai will be the Chairman of the Committee and the Committee will submit its report in four months.

THE TRAVANCORE INSOLVENCY BILL.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I rise to introduce a Bill to amend the Travancore Insolvency Regulation which has been published in the Gazette with a Statement of Objects and Reasons. I now beg to move that the Bill be read in Council.

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MR. R. NILAKANTA PILLAI (*Financial Secretary to Government*): I second the motion.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): I shall briefly explain the principles involved in the Bill. At the same time as a prefatory remark I may say that the Bill deals with a complicated and perhaps a very technical matter intertwined with the procedure in civil courts and by way of explaining the principle of the Bill it may not be quite useful to refer to the detailed provisions of the Bill, which if the House agrees, may have subsequently to be threshed out in full by the Select Committee. Who an insolvent is may perhaps be known to every member of the House. He is a person who is not able to pay up his debts or discharge his liabilities. The principle of the Insolvency law is that once a person becomes an insolvent, his property has to be taken hold of and distributed among his creditors most equitably and most expeditiously through an agency of the State, namely the Civil Court. That is one side of the Insolvency law, and on the other side, there is the liberation of the person of the insolvent. He has to be given absolute freedom of person and freedom to acquire properties in the future if he has once rendered a correct account of his previous transactions and surrendered his properties for distribution among his creditors. So that, the efficiency of the Insolvency Law depends upon the proper combination of the applications of these two principles, namely a correct and expeditious distribution of the assets of the insolvent and the proper discharge of the insolvent by giving him the liberty of his person when he has got himself discharged. The House will have to examine how far these two principles have been correctly carried out in the Bill.

The first Insolvency Regulation for Travancore was passed 15 years ago by Regulation VIII of 1090. Since then it has been found that it has got some very vital defects. I shall not detain the House by narrating all these defects, because the more important of them have been detailed in the Statement of Objects and Reasons. When the Regulation was first passed into law, the law which was in force at the time in Madras was an Act of 1907 which has subsequently been replaced by an Act of 1920 and it has been found that it would be more convenient and advantageous if we also modify our law in accordance with the law in British India. The defects in the existing Regulation came to the notice of the High Court also on more than one occasion and they have recommended to the Government that the corresponding British Indian Act should be adopted for Travancore purposes also. The same demand has been made in the Popular Assembly and I believe on one occasion in this House also. The present Bill is therefore drafted on the lines, generally, of the British Indian Act now in force.

MR. A THANU PILLAI (*Trivandrum*): I second the motion. In supporting the Bill I wish to say that a change in the Insolvency Law has long been felt. The salient defects in the existing Regulation are sought to be removed by this Bill. When a person is adjudicated an insolvent under the existing Regulation, no obligation rests on him to put in an application for an order of discharge and so in many cases

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Insolvency proceedings close with an order of adjudication. No doubt, if the insolvent has sufficient assets, the Receiver takes possession of them and manages the assets very often in his own way. The courts in many cases find little time to look into the doings of the Official Receivers and the creditors are generally put to loss.

To me it appears that a provision to compel an insolvent who is adjudicated to apply for discharge and a provision relating to the necessity for enquiring into the conduct of the insolvents in connection with the applications are highly necessary and that they will remove the chief defects in the existing Regulation. Other defects have also been pointed out by the High Court. These are all sought to be dealt with by the amending Bill. I think the details can be gone into in the Select Committee. It is therefore well that the Bill be referred to a Select Committee.

With these words, I support the motion.

MR. K. P. ABRAHAM (*Muvattupuzha* cum *Todupuzha*): I too support the motion. The Insolvency Law as it now exists is availed of by too many people even to an undesired extent. The real purpose of the Insolvency Law is to help the people who are really unable to pay. But it is misused by the people on the ground that the law provides no punishment for this abuse. There are some people who really feel that they should put in insolvency petitions to be protected from their creditors. They may be willing to pay up their debts, at the same time they may be unable to pay. Such people want the protection of the courts and the courts can come to their assistance. As the law now stands the debtor has simply to put in a petition and to give formal evidence that he is unable to pay up his creditors. With that the duty of the petitioner mainly ends and he does not care what proceedings the Official Receiver takes.

Such a procedure enables the debtors to evade payment by giving away their properties to some other people and then putting in an insolvency petition. Although there is a provision in the Regulation to defeat the objects of such people it is not fully worked up to. The dishonesty or otherwise of the debtors are only gone into at the stage when they apply for discharge and there being no time-limit for applying for discharge, generally people do not care to apply for discharge at all, because they do not stand to lose by it. Therefore some provision is necessary fixing a time-limit within which the debtors should be enjoined by law to apply for discharge. Such a provision will discourage dishonest debtors from putting in insolvency petitions while at the same time helping honest debtors. Provisions remedying these defects find a place in the Bill introduced in the House now and so I submit that the Bill as moved by the Law Member may be accepted in principle.

MR. S. KRISHNA PILLAI (*Karunagapalli*): Sir, there is one Clause which might attract the attention of any one dealing with this Bill and that is Clause 75. I believe that the Select Committee to whom this Bill is to be referred must have some power either to increase the scope

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[Mr. S. Krishna Pillai.]

of the clause or to diminish it. The clause as it stands should not be permitted to stand on the Statute Book without any amendment. It reads as follows:

"Where a debtor is adjudged or re-adjudged insolvent under this Regulaiion, he shall, subject to the provisions of this Section be disqualified from:

(*a*) being appointed or acting as a Magistrate;

(*b*) being elected to any office of any local authority where the appointment to such office is by election or holding or exercising any such office to which no such salary is attached ; and

(*c*) being elected or sitting or voting as a member of any local authority."

I cannot understand why the scope of the clause is restricted to Magistrates, elected officers such as the judges of the Village Panchayat Courts members of municipal councils and persons drawing no salaries. The Section refers to Magistrates. What about Munsiffs, judges and executive officers, such as the Police Officers? If they become insolvent, they also ought to be prevented from being in office, until they are able to get an order of discharge. As it is, it would appear that the provision is applicable only to Magistrates and unearning occupations. The Municipal Regulation, and the Legislative Council Regulation have provisions disqualifying undischarged insolvents being elected to these places. The principle involved in this clause is not quite clear to me. If it is to be a bar in the case of a Magistrate, equally must it be a bar in the case of a Munsiff or a Judge. If the scope of the clause is to be restricted to Magistrates and to unearning occupations, the Government will be only thereby preventing some of the local aspirants from getting into these offices. At the same time, those who are in Government service will not at all be affected by any order that they get. But for this clause, I have not been able to see much violence having been done to any principle, because the other clauses appear to be merely copied from the Provincial Insovency Regulation.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Clause 75 also is from the Madras Act.

MR. S. KRISHNA PILLAI (*Karunagapalli*): It may be in the Madras Act. But I only say that I am not able to see the principle involved in that Clause. In the interests of the people at large, it must have a wider scope.

MR. KAYALAM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*): Clause 75 may certainly be considered by the Select Committee. I do not propose to give any explanation of that provision just now because it is unnecessary at this stage.

The principle of the Bill was accepted.

The Secretary then read the title of the Bill.

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MR. [illegible]AM PARAMESVARAN PILLAI (*Additional Head Sirkar Vakil*) [illegible] to move that the Bill be referred to a Select Committee consi[illegible]Messrs,

TH[illegible]. Krishna Aiyangar,	(4) K. C. Karunakaran,
[illegible]hanu Pillai,	(5) K. P. Abraham,
[illegible] S. Damodaran Asan,	(6) R. Nilakanta Pillai,

and (7[illegible]self.

MR. [illegible] NILAKANTA PILLAI (*Financial Secretary to Government*): I second the motion.

The motion was accepted by the House.

PRESIDENT: Mr. K. A. Krishna Aiyangar will be the Chairman of the Committee and the Committee will submit its report in four months.

Inclusion of additional members in the Select Committee on the Travancore Kshatriya Bill.

MR. RAMA VARMA RAJA (*Edavagai*): സർ, തിരുവിതാംകൂർ ക്ഷത്രിയബിൽ സിലക്ട് കമ്മറിയിൽ സമർപ്പിക്കണമെന്ന് ഇന്നലെ പ്രസ്താവിച്ചു. ആ സിലക്ട് കമ്മിറിയിൽ മെസ്സേഴ്സ് വ്യ. രാജരാജവർമ്മ, കേരളവർമ്മതമ്പാൻ ഇവർ രണ്ടുപേരേയുംകൂടി ചേർക്കണമെന്ന് ഞാൻ ആവശ്യപ്പെടുന്നു.

MR. K. PADMANABHA PANIKKAR (*Ambalapuzha*): I second the motion.

The motion was accepted.

PRESIDENT: The Council will now stand prorogued.

The Council was prorogued at 3-12 P. M.

P. N. KRISHNA PILLAI,
Secretary to the Legislative Council.

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